

AFFIDAVIT OF ROBERT THOMPSON

I, ROBERT THOMPSON, of the City of Winnipeg, in the Province of Manitoba, Businessman,

MAKE OATH AND SAY THAT:

1. I am the sole director of a payday loan company called The Money Tree Payday Loans Inc. As such, I have personal knowledge of the facts and matters hereinafter deposed to by me, except where same are stated to be based on information and belief, in which case I believe same to be true.

2. The Money Tree Payday Loans Inc. is wholly owned by a holding company called Kittiwake Holdings Ltd. that is, in turn, wholly owned by my wife, Nadena Thompson.

3. My wife and I opened our store, located at 1376 McPhillips Street in the city of Winnipeg, on January 2, 2002. We have been here since, having renewed our lease in February of 2007 for another five years.

4. Currently we employ two full time and one part time employee. Initially, my wife and I operated the store by ourselves. After three months we hired a full time employee. She stayed with us for three years, then left to go to the Royal Bank. At that point, suffering from burnout and fatigue

plus a deteriorating health condition, we decided to add another full time position. These two employees have been with us for three years. Recently we added a part time position and five months ago hired a recent immigrant to our country.

The foregoing was part of an affidavit I made with respect to a court action launched by Rentcash in 2007. Since that time our staff has been with us for eight years. We have undertaken a corporate restructuring. Our corporate name is now **4420136 Manitoba Ltd o/a The Money Tree Payday Loans**.

The result of the Board's order with respect to the payday lending industry instituted in October 2010 has been devastating to our business. In conjunction with the decrease in margins as a result of the rate of \$17.00/ \$100.00 (we previously were at \$20.00/\$100.00) in the first year our total sales fell by over 40%.

As a result, when our lease came up for renewal in February of 2012, and our landlord insisting on a five year renewal term, we made plans for closing. We gave our staff notice and advised our landlord of our intention to vacate. At this time he offered us a one year term with an option to renew for another year. Against the advice of our accountant we decided to remain open at least until the rate review. However, we had to abandon our policy of two people in the store at all times and let one of our employees go. This employee had been with us for four years.

We feel the drop in total sales is directly attributable to the "cooling off" period and the restriction of 30% of net income. These two regulations are the two most common complaints we receive from our customers. They don't understand why the government has any business in determining how much they can borrow or when they can borrow. They have no problem with the \$17.00/ \$100.00 though.

A just and reasonable rate is a rate that allows mom and pop stores to survive as well as the huge multinational corporations. How can a rate that allows only big companies to exist, a rate that knowingly puts local Manitoba small businesses out of the market, be called just and reasonable? Set a rate that insures the consumer is not being gouged but allows all businesses, big and small, to make a profit. If somebody can operate at a lower rate then let them go ahead. This is the way the free market is supposed to operate. Don't deny Manitobans a business opportunity.

Bob Thompson